

Message Text

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E.O. 11652: N/A
TAGS: ETRD, BENC, KS
SUBJECT: MAJOR PROJECT: INTERNATIONAL TOURIST HOTEL IN SEOUL

REF: SEOUL 3410, SEOUL 3943

1. PROJECT DESCRIPTION: WON CHANG ENTERPRISE CO., LTD., A SUBSIDIARY OF THE CHONGJU TEXTILE CO. HAS COMPLETED APPROXIMATELY 60 PERCENT OF A 223 GUEST ROOM INTERNATIONAL CLASS SEVEN STORY HOTEL IN THE EAST GATE AREA OF SEOUL. THE HOTEL, WHICH HAS TENTATIVELY BEEN NAMED "MAMMOTH TOURIST HOTEL", IS ADJACENT TO A SUBWAY STATION TEN MINUTES BY TRAIN FROM CITY CENTER. AMONG THE FACILITIES TO BE INCLUDED ARE FOUR RESTAURANTS (WESTERN, JAPANESE, KOREAN AND CHINESE), ONE THEATRE RESTAURANT, A CASINO AND INTERNATIONAL CONFERENCE ROOMS. THE FIRM SEEKS TO JOINT VENTURE WITH HOLIDAY INN CORP. OF THE U.S. TO INCLUDE USE OF THE AMERICAN NAME AS WELL AS TRAINING AND OPERATIONS BY HOLIDAY INN. SHOULD HOLIDAY INN FAIL TO FIND INTEREST IN WON CHANG'S PROPOSAL, THE FIRM WOULD WISH TO ASSOCIATE WITH ANY OTHER INTERNATIONALLY KNOWN U.S. HOTEL COMPANY.

2. IMPLEMENTING OFFICE:

MR. SHIN C. KANG
PLANNING MANAGER
MAMMOTH TOURIST HOTEL
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(WON CHANG ENTERPRISE CO., LTD.)
CPO BOX 942
SEOUL, ROK
(TELEPHONE 778-3907/8 - TELEX K27241)

3. COST AND FINANCING: TOTAL PROJECT COSTS IN THE NEIGHBORHOOD OF \$12 MILLION WILL DEPEND ON THE SPECIFICATIONS FOR DECOR,

FURNISHINGS AND EQUIPMENT WHICH HOLIDAY INN OR OTHER U.S. FIRM WOULD REQUIRE IN CONNECTION WITH THE USE OF ITS NAME AND MANAGEMENT. FINANCING IS AVAILABLE THROUGH KOREAN BANKS AND ROKG APPROVAL OF THE PROJECT AVAILS FOREIGN PARTNER OR INVESTOR OF GUARANTEES THROUGH THE GOVERNMENT OWNED KOREA DEVELOPMENT BANK OR KOREA EXCHANGE BANK. WON CHANG'S BANK OF RECORD IS THE CHOHEUNG BANK AND IT ALSO DEALS WITH THE COMMERCIAL BANK AND CITICORP SEOUL BRANCH.

4. POTENTIAL U.S. SALES: U.S. INVOLVEMENT COULD INCLUDE PROJECT DESIGN CONSULTANT SERVICES, COMPLETE SUPPLY OF U.S. SPECIFICATION HOTEL EQUIPMENT, FURNITURE, FIXTURES, AND TRAINING, MANAGEMENT AND OPERATION FEES. ALL IMPORTS FROM THE U.S. FOR THE PROJECT WOULD BE APPROVED REGARDLESS OF ANY TRADE BANS OR RESTRICTIONS AND U.S. INVESTORS WOULD ENJOY ALL THE INCENTIVES OF THE FOREIGN CAPITAL INDUCEMENT LAW.

5. POST COMMENTS: CRITICAL SHORTAGE OF WESTERN HOTEL ROOMS HAS PERSISTED FOR THE PAST SEVERAL YEARS AND WILL CONTINUE AS THE NUMBER OF ANNUAL VISITORS TO KOREA SOARS. AT THIS WRITING, AN AVERAGE OF 3,000 FOREIGN VISITORS ARRIVE DAILY CHIEFLY THROUGH SEOUL FOR AN AVERAGE STAY OF 4 DAYS. SEOUL REPORTEDLY HAS ONLY 49 HOTELS WITH 7,000 WESTERN ROOMS TO ACCOMMODATE THEM. NUMBER OF FOREIGN VISITORS FROM JANUARY 1 TO JUNE 2, 1978 TOTALLED 427,910 AND IS EXPECTED TO CONTINUE TO RISE. BELIEVE OPPORTUNITIES FOR U.S. HOTEL FIRMS ARE EXCELLENT.
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